(d) Does not arise.

Fall in the external value of rupee

207. SHRI ASHOK MITRA: Will the Minister of FINANCE be pleased to state:

(a) the lowest value the rupee touched in relation to the dollar in the international currency market during October, 1995;

(b) the reasons underlying Government's decision not to defend the value of the rupee during the initial phase of the recent fall in the external value of the rupee; and

(c) the factors which persuaded Government to reverse its decision and ask the Reserve Bank of India to intervene in the market and shore up the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI-PROSAD PAL): (a) The, rupee-dollar exchange rate (the FEDAI indicative rate) touched an all time low of Rs. 35-650 per U.S. dollar on October 26, 1995.

(b) and (c) In September 1995 and in the first two weeks of October 1995 when the exchange rate of the rupee depreciated intervention was not undertaken as the depreciation was considered as a correction for the inflation rate differentials between India and the major countries. When the Exchange rate depreciated beyond the correction required for inflation rate differentials, the Reserve Bank intervened in the market from the middle of October, 1995. As a result of the intervention, the rates stabilised at levels that are in the line with the fundamentals. The rupee has now stabilised and the FEDAI indicative rates have remained below Rs. 35 per U.S. dollar since November 1, 1995.

Agreement between India and Russia

208. SHRI S. AUSTIN: Will the Minister of FINANCE be pleased to state:

(a) the salient features of agreement signed between India and Russia for disposal of outstanding loans;

(b) the total amount of loan of Russia in rupee as on July 31, 1995 and the convertible amount as per the agreement regarding rupee-rouble exchange rate;

(c) the time by which this agreement is likely to be implemented;

(d) whether the Government propose to take more loan from Russia; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI-PROSAD PAL): (a) The state credits given to India by the former Soviet Union are being repaid as per the agreement arrived at between India, and the Russian Federation in January, 1993. Under the agreement, the rouble denominated debt, as on 1.4.92, was converted into rupees using the exchange rate on 1.1.90 as per the Inter-Governmental Protocol of 1978 (Rouble l=Rs. 19.9169). This is repayable as per the schedule and terms of the relevant credit agreements. The principal debt as on 1.4.92 was also converted into rupees using the exchange rate on 1.4.92 as determined by the Protocol of 1978 (Rouble l=Rs. 31.7514) and the difference beween the rupee value of the rouble debt converted at the two rates was rescheduled for repayment in annual instalments over 45 years. The rescheduled portion carries no interest. Repayments of the rupee debt are made into a Central Account of the Russsian Bank for Foreign Economic Relations (BFER) with the RBI, and balances used exclusively for exports of goods and services from India to Russia.